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Message Text

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43
ORIGIN EB-11

INFO OCT-01 EUR-25 ISO-00 COME-00 TRSE-00 CIAE-00 INR-10

NSAE-00 RSC-01 L-03 /051 R

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DRAFTED BY: EB/IFD/OIA:CNELLIS
APPROVED BY: EB:WCARMSTRONG
EUR/E:RPGALLAGHER
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R 212021Z SEP 73
FM SECSTATE WASHDC
TO AMEMBASSY ROME
INFO AMCONSUL NAPLES

UNCLAS STATE 188448

E.O. 11652: N/A
TAGS: EFIN, IT
SUBJ: ITALCOLD FINANCIAL PROBLEMS WITH GEPI

REF: ROME 9909 NOTAL

1. ITALCOLD PRESIDENT JOHN HADDAD AND LOCAL ATTORNEY CALLED ON ASSISTANT SECRETARY ARMSTRONG AND ITALIAN DESK OFFICER TO REQUEST USG ASSISTANCE IN COMPANY'S FINANCIAL PROBLEMS WITH GEPI AND VARIOUS CREDITORS. MEMO (COPY BEING POUCHED) SUBMITTED BY HADDAD AND HIS ORAL PRESENTATION ESSENTIALLY REPEATED INFORMATION REFTEL BUT WITH FOLLOWING ADDED POINTS:

A) AS A DELAYING ACTION, ITALCOLD HAS FILED A PETITION IN TRIBUNALE OF NAPLES PROPOSING AN ARRANGEMENT (CONCORDATO) WITH COMPANY'S CREDITORS. HADDAD SAID TRIBUNALE IS EXPECTED TO HOLD HEARING SHORTLY AND IF PETITION IS REJECTED, ITALCOLD WILL AUTOMATICALLY BE DECLARED BANKRUPT.

B) ISVEIMER, TO WHOM LEASE RENTALS ARE PLEDGED, HAS ALSO FILED PETITION TO HAVE ITALCOLD DECLARED BANKRUPT. HE CLAIMS ITC HAS MADE NO LEASE PAYMENTS SINCE MARCH 1973.
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C) HADDAD ADMITTED THAT PAYMENT OF AMOUNT CLAIMED DUE FROM ITC (WHICH HADDAD PLACED AT ABOUT DOLS 800,000) AND RESUMPTION OF LEASE RENTAL PAYMENTS WOULD PROBABLY NOT BE SUFFICIENT TO ENABLE ITALCOLD TO AVOID BANKRUPTCY.

D) HADDAD ALLEGED ITC HAS OBSTRUCTED HIS ATTEMPTS TO SELL ITAL-COLD BY WITHHOLDING ESSENTIAL INFORMATION FROM PROSPECTIVE BUYERS.

E) HADDAD ASSERTED THAT ITC ACTIONS IN EFFECT ARE EFFORT TO EXPROPRIATE HIS PROPERTY WITHOUT JUST COMPENSATION.

2. HADDAD REQUESTED THAT USG PUT PRESSURE ON GOI SO THAT EITHER ITALCOLD WOULD BE RETURNED TO HIS CONTROL FOR LIQUIDATION AS HE SEES FIT OR THAT GEPI/ITC PURCHASE ITALCOLD OUTRIGHT AT "FAIR MARKET VALUE."

3. AFTER LISTENING TO HADDAD PRESENTATION, ARMSTRONG SAID THAT CASE APPEARS RATHER COMPLEX AND WE WOULD HAVE TO CHECK FURTHER TO DETERMINE WHETHER THERE WAS ANYTHING MORE USG COULD DO TO HELP HIM.

4. DEPARTMENT SHARES EMBASSY VIEW THAT ITALCOLD PROBLEMS ARE PRIMARILY LEGAL IN NATURE AND NOT EXPROPRIATION AS CLAIMED BY HADDAD. NEVERTHELESS, EMBASSY REQUESTED TO ASCERTAIN FROM GEPI AND ITC OFFICIALS THEIR CURRENT OPINIONS AND ANY CONTEMPLATED ACTIONS CONCERNING ITALCOLD AND THEIR EXPLANATION WHY LEASE PAYMENTS WERE STOPPED (IF THEY WERE). WE WOULD ALSO APPRECIATE EMBASSY'S COMMENTS AS TO WHETHER IT WOULD BE APPROPRIATE AND/OR HELPFUL TO TAKE ANY FURTHER ACTION THAN THAT REQUESTED, AND IFSO, WHAT EMBASSY ACTION CONTEMPLATES. RUSH

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 21 SEP 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973STATE188448
Document Source: CORE
Document Unique ID: 00
Drafter: EB/IFD/OIA:CNELLIS
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730918/aaaaamuh.tel
Line Count: 92
Locator: TEXT ON-LINE
Office: ORIGIN EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: ROME 9909 NOTAL
Review Action: RELEASED, APPROVED
Review Authority: elyme
Review Comment: n/a
Review Content Flags:
Review Date: 13 SEP 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <13-Sep-2001 by reddocgw>; APPROVED <11 MAR 2002 by elyme>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ITALCOLD FINANCIAL PROBLEMS WITH GEPI
TAGS: EFIN, IT
To: ROME
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

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